

**Minutes of a Special Session of the Common Council of the Town of
Clarkdale
Held on Tuesday, January 28, 2020 at 3:00 P.M.**

A Special Meeting of the Common Council of the Town of Clarkdale was held on Tuesday, January 28, 2020, at 3:00 P.M. in the Clark Memorial Clubhouse, Men's Lounge, 19 N. Ninth Street, Clarkdale, Arizona.

CALL TO ORDER – Meeting was called to order at 3:00 P.M. by Mayor Von Gausig.

Town Council:

Mayor Doug Von Gausig

Councilmember Bill Regner

Vice Mayor Richard Dehnert

Councilmember Debbie Hunseder

Councilmember Scott Buckley (absent)

Town Staff:

Town Manager Tracie Hlavinka

Public Works Director Maher Hazine

Police Chief Randy Taylor

Finance Director Kathy Cwiok

Finance Manager Brittany Earles

Community Development Director Ruth Mayday

Town Clerk Mary Ellen Dunn

PUBLIC COMMENT – The Town Council invites the public to provide comments at this time. Members of the Council may not discuss items that are not specifically identified on the agenda. Therefore, pursuant to A.R.S. §38-431.01(G), action taken as a result of public comment will be limited to directing staff to study the matter, responding to any criticism or scheduling the matter for further consideration and decision at a later date. Persons interested in making a comment on a specific agenda item are asked to complete a brief form and submit it to the Town Clerk during the meeting. Each speaker is asked to limit their comments to five minutes.

Sheila Runke, Clarkdale resident, addressed Council on a variety of topics.

CONSENT AGENDA - The consent agenda portion of the agenda is a means of expediting routine matters that must be acted on by the Council. All items are approved with one motion. Any items may be removed for discussion at the request of any Council Member.

- A. Reports** - Approval of written Reports from Town Departments and Other Agencies
- Building Permit Report – None
 - Capital Improvements Report – December, 2019
 - Magistrate Court Report – December, 2019
 - Water and Wastewater Report – December, 2019
 - Police Department Report – November, December 2019

Special Events Liquor License Recommendations – None
CAT/LYNX Transit Report – November, December 2019
Verde Valley Humane Society – November, December 2019

- B. Clarkdale-Jerome School District Repair and Maintenance Contract** - Approval of an Intergovernmental Agreement between the Town of Clarkdale and Clarkdale-Jerome School District to provide for the repair and maintenance services of the District vehicles.

Action: Approve Consent Agenda items A – B as presented.

Motion: Councilmember Regner

Second: Councilmember Hunseder

Vote:

| Voting Member | Aye/Nay |
|--------------------------------|---------|
| Council Member Scott Buckley | absent |
| Vice Mayor Richard Dehnert | Aye |
| Council Member Debbie Hunseder | Aye |
| Council Member Bill Regner | Aye |
| Mayor Doug Von Gausig | Aye |

NEW BUSINESS

YAVAPAI COLLEGE SMALL BUSINESS DEVELOPMENT CENTER (SBDC) PRESENTATION

- A presentation by representatives of the Yavapai College SBDC to share key strategies and inform Town of the regional economic impact in the Verde Valley.

The Small Business Development Center (SBDC) provides a no-cost service funded by the Small Business Administration and Yavapai College, helping business owners with their business operations, start-ups and growth.

Ruth Ellen Elinski, Certified Business Advisor, and Jeri Denniston, the Center Director presented information to the Council on the Center and its variety of services.

Action: This is a presentation only. No Council action is required.

SALES TAX ON FOOD FOR HOME CONSUMPTION – Presentation and discussion regarding the current collection of sales tax on food for home consumption.

Staff discovered that a sales tax on food for home consumption was being collected in conflict with the Town's 2001 Ordinance. Town staff began trying to rectify this matter in May of 2019. Emails were sent to the Arizona Department of Revenue (ADOR) requesting an explanation of the situation. On July 10, 2019 during a conference call, ADOR explained there was an administrative error on ADOR's part. On September 24, 2019 Council held a work session regarding the collection of Sales Tax on Food for Home Consumption. At that time Council directed Staff to research the topic and schedule a

meeting with the Mayor, Staff and the Director of the Arizona Department of Revenue (ADOR), Carlton Woodruff. During the November 20, 2019 meeting, it was brought to our attention that the collection of sales tax on food for home consumption has been an ongoing issue. The tax collections originally began in 1980 and continued through 2008. Clarkdale adopted Ordinance #234 on November 13, 2001, to exempt food for home consumption from sales tax, the Town was unaware of the tax collection that continued through December 31, 2008. From January 2009 through August 2013 ADOR did not collect this tax. On September 1, 2013 ADOR resumes collecting the sales tax and this collection continues today. The changes were not a result of action by the Town of Clarkdale.

ADOR requested either an Ordinance allowing for the collection of tax on food for home consumption or the Town send a letter to cease with the collection. ADOR has expressed a willingness to assist the Town to correct this issue. ADOR has confirmed the only way they will return any sales tax would be if a business makes a written request. ADOR will be responsible for making any reimbursements back to the businesses. It has also been confirmed that the returned tax would go to the business entity and not to the consumer that paid the tax. ADOR would deduct any reimbursements from the Town's future revenue before distribution to the Town.

It is important to note, since February of 2015, the Town has received almost \$64,000 in revenue from this category of sales tax. A portion of the revenue paid has come from online distributors, with the largest contributor being a local retailer.

Staff is requesting Council direction on moving forward with either starting the process to have a new Ordinance drafted to provide for the collection of sales tax on Food for Home Consumption or to draft an official notice to ADOR to correct the current tax table administratively and cease collection of this category of sales tax.

Finance Director Kathy Cwiok introduced Arizona Department of Revenue team to Council.

- Jess Rankin, City Services
- Carlton Woodruff, Director
- Tom Johnson, Assistant Director, Education and Compliance
- Adrienne Sloat, Outreach Administrator

Council discussed the food for home consumption issue with the ADOR team. Discussion regarding 'food for home consumption' defined as the key area being grocery items. It was noted by the Department that the maximum 'look back' period is four years.

Cwiok reviewed the options with Council and requested direction.

Council agreed that although the tax is regressive however felt the the Town should pass an ordinance creating tax on food for home consumption.

Direction to staff: Come back to Council with an ordinance creating the tax at 3%.

Action: This is a presentation and discussion only and no Council action is required.

After a brief recess, Mayor Von Gausig reconvened the meeting.

WORK SESSION ON STRATEGIC PLANNING WORK PLAN - A work session to discuss the Clarkdale Town Council and staff 2020 work plan developed from Strategic Planning session.

Strategic Planning occurs to assist organizations with developing clear plans of action for future opportunities and strategies.

The Town Council and staff conduct an annual Strategic Plan Meeting to determine priorities, give updates of previous projects and gain consensus for future strategies. The Town Council, Town Manager, and staff met on November 5, 2019 to conduct this annual meeting. The Council reviewed the Town Vision Statement, Mission Statement and Guiding Principles and decided to amend the Guiding Principles to include "Capital Management" as a principle. During this same meeting, the Town Manager conducted a SWOT analysis to identify strengths, weakness, opportunities and threats. Several priorities were determined from the analysis, which then became goals for the staff and Town Council. The goals are as follows:

- Goal 1) Enhance the quality of life for Clarkdale residents
- Goal 2) Continue leadership roles in collaborative efforts in the region
- Goal 3) Recognize and preserve Clarkdale's history
- Goal 4) Maintain a quality workplace for employees
- Goal 5) Maintain transparency
- Goal 6) Enhance marketing, communication and economic development for Clarkdale

A document has been created to include objectives to each goal and action items. This document is the 2020 Town Council Work Plan. Staff will provide the Town Council with quarterly updates keeping them abreast of progress and providing transparency to citizens.

Town Manager Tracie Hlavinka presented information to Council on this agenda item.

The Council agreed that under Item 6 (H)(2) the term 'inefficiencies' should be changed to 'adequacy'. They further discussed the new work plan process developed by the Town Manager and were positive about the accountability it provided.

Councilmember Regner requested Conflict of Interest clarification regarding development of the Verde River park areas and activities as we have two members of Council who are outfitters. Hlavinka agreed to check in with the Town Attorney for an opinion.

Regner also noted that he believed discussion included having enough staff time applied to economic development and historic preservation activities. He stated that although he is in favor of work toward the Verde River activities, he doesn't believe that it pays for itself. He stated his concern is that staff resources and monetary funds are being used toward that effort when we have a historic downtown, Central Business District and other areas that needs attention and focus. Staff and financial resources are limited.

Hlavinka will bring the work plan back to Council for approval.

Action: No action required at this time.

RESOLUTION REGARDING THE MOUNTAIN GATE WELL SITE WARRANTY DEED

- Discussion and possible action regarding Resolution #1618, a resolution regarding the dedication of land for the Mountain Gate well site from Mountain Gate Clarkdale, LLC.

As part of the Mountain Gate Development Project a well is required to be outfitted and dedicated to the Town of Clarkdale. The improvements were constructed and turned over to the Town, but the underlying parcel dedication never took place.

This action will adopt the resolution to authorize the formal acceptance of the dedication from the Mountain Gate Clarkdale, LLC and permit Town Engineer to facilitate execution of the warranty deed (attached) by Mountain Gate Clarkdale, LLC as the Grantor.

Public Works Director Maher Hazine presented information on this agenda item to Council.

Action: Adopt Resolution #1618, a resolution for the dedication of land for the Mountain Gate well site from Mountain Gate Clarkdale, LLC, a Delaware Limited Liability Company and permit Town Engineer to facilitate execution of the warranty deed.

Motion: Councilmember Regner

Second: Vice Mayor Dehnert

In discussion, Hazine assured Council that this action is indeed beneficial to the Town and cleans up unfinished actions. No or little financial impact to the Town.

Vote:

| Voting Member | Aye/Nay |
|--------------------------------|---------|
| Council Member Scott Buckley | absent |
| Vice Mayor Richard Dehnert | Aye |
| Council Member Debbie Hunseder | Aye |
| Council Member Bill Regner | Aye |
| Mayor Doug Von Gausig | Aye |

FUTURE AGENDA ITEMS - Listing of items to be placed on a future council agenda.


ADJOURNMENT: Without objection Mayor Doug Von Gausig adjourned the meeting at 5:05 P.M.

APPROVED:



Doug Von Gausig, Mayor

ATTESTED/SUBMITTED:



Mary Ellen Dunn, Town Clerk

CERTIFICATION

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the regular meeting of the Town Council of the Town of Clarkdale, Arizona held on the 28th day of January 2020. I further certify that meeting was duly called and held and that a quorum was present.

Dated this 12th day of February, 2020.

SEAL



Mary Ellen Dunn, Town Clerk